

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA**

In re:

Hampton Lake, LLC,

Debtor.

Case No. 13-02482-jw

Chapter 11

**MOTION FOR INTERIM AND FINAL ORDERS (A) AUTHORIZING DEBTOR'S USE
OF CASH COLLATERAL, AND (B) GRANTING REPLACEMENT LIENS AND
MEMORANDUM IN SUPPORT**

Hampton Lake, LLC ("Debtor"), hereby moves the Court pursuant to 11 U.S.C. §§ 105(a), 361, 363(c)(2) and (e)¹ and Fed. R. Bankr. P. 4001(b) and 9014² for an order authorizing Debtor to use cash collateral on which Crimson Portfolio, LLC through its authorized agent Sabal Financial Group LP ("Lender") asserts a security interests and liens. Debtor proposes to use the monies generated from the sale of real property, which is absolutely necessary for the continuation of Debtor's business. In support of this Motion, Debtor would show as follows:

JURISDICTION

1. Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code on April 29, 2013 (the "Petition Date").
2. Debtor is operating its businesses and managing its assets as debtor in possession pursuant to §§1107(a) and 1108 of the Bankruptcy Code.
3. This Court has subject matter jurisdiction over the Motion pursuant to 28 U.S.C. §1334.
4. This is a core proceeding pursuant to 28 U.S.C. §157(b)(2)(A). The Court can exercise its subject matter jurisdiction pursuant to 28 U.S.C. §157(b)(1).
5. Venue of these proceedings and the Motion is proper in this district pursuant to 28 U.S.C. §§1408 and 1409.

¹ Further reference to the Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, will be by section number only.

² Further reference to the Federal Rules of Bankruptcy Procedure will be rule number only.

6. The statutory basis for relief requested herein are 11 U.S.C. §§ 105(a), 361, 363(c)(2) and (e) and Bankruptcy Rules 4001(b) and 9014.

BACKGROUND

7. Debtor is in the real estate development industry. The Debtor has approximately 250+/- lots in Hampton Lake Subdivision in Bluffton, South Carolina, and owns and operates other subdivision common property, including a lakehouse, boathouse, spa and fitness center, and a 165-acre freshwater lake. The Debtor's primary business is the operation of the subdivision and the development and sale of residential lots within the subdivision. There are approximately 650 homeowners currently living at the Debtor's development. The Debtor has seven (7) employees.

8. Lender asserts and Debtor believes that Lender has a perfected first priority mortgage in the Debtor's real property holdings as well as a pre-petition security interest in the accounts, deposit accounts, commercial tort claims, fixtures, equipment, instruments, inventory, investment property, chattel paper, letter of credit rights, supporting obligations, intangibles, and proceeds ("Cash Collateral") of the Debtor. Lender and the Debtor believe that Lender has a claim in the approximate amount of \$19,429,484.26.

9. The Debtor's use of Cash Collateral in this case is necessary for the continued operation of its business. Debtor needs to pay operational expenses, such as payroll, utilities, and insurance.

10. Debtor proposes to use the Cash Collateral as described in the budget attached hereto as **Exhibit A** (the "Budget"). Specifically, Debtor proposes to pay only those expenses itemized Budget. Debtor also requests permission to exceed any line item in the Budget that contains a dollar amount as long as Debtor does not exceed the overall amount requested in the Budget. If surplus funds are available from Cash Collateral after payment of those expenses set forth in **Exhibit A**, such funds will be held for possible use by the Debtor pending further order of the court.

11. Debtor further proposes to make distributions to Lender from its post-petition property sales in an amount of 90% of the sales proceeds, after the payment of all commissions, attorney's fees, and other closing costs from each sale and after payment of the Debtor's management and operational expenses.

RELIEF REQUESTED

12. As adequate protection for the use of Cash Collateral, Debtor agrees to provide Lender with replacement liens on post-petition Cash Collateral to the same extent and priority as its pre-petition liens, for the extent of any post-petition diminution in the pre-petition Cash Collateral as well as replacement liens on all other property that may be acquired post-petition by the Debtor with such replacement liens having the same extent and priority as Lenders' prepetition liens on such property.

13. Section 363(c)(2) provides that the Debtor may use Cash Collateral if each entity that has an interest in such Cash Collateral consents or if the court authorizes such use after notice and hearing. Among the non-exclusive examples of adequate protection found in §361 is a replacement lien to the extent that use of collateral results in a decrease in its value.

14. Use of Cash Collateral is necessary in order for the Debtor to maintain its business operations. As the Debtor is continually receiving income from the operation of its business, Cash Collateral is continually being replenished. Therefore, Debtor believes that granting replacement liens to Lenders should fully protect Lenders.

15. Upon information and belief, Lender has not consented to Debtor's use of Cash Collateral according to the terms set forth herein and the proposed interim order on use of cash collateral filed simultaneously herewith.

WHEREFORE, having shown that Debtor's continuing use of Cash Collateral for its ongoing operations is absolutely necessary, Debtor seeks interim and final orders authorizing use of such Cash Collateral and requests such other and further relief as the Court may deem just and proper.

RESPECTFULLY SUBMITTED on this the 29th day of April 2013 at Columbia, South Carolina.

MCCARTHY LAW FIRM, LLC

By: /s/Daniel J. Reynolds, Jr.
G. William McCarthy, Jr., I.D.#2762
Daniel J. Reynolds, Jr., I.D.#9232
Sean P. Markham, I.D. #10145
W. Harrison Penn, I.D. #11164
PO Box 11332
Columbia, SC 29211
(803) 771-8836
(803) 753-6960 (fax)
dreynolds@mccarthy-lawfirm.com

Hampton Lake, LLC														
EXHIBIT A	PAGE 1 OF 3													
		2013												
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Sales Absorption		3	5	7	3	3	4	4	6	7	7	8	7	64
Lot Sales		339,700	539,700	734,940	322,284	322,284	429,712	537,140	751,996	859,424	859,424	966,852	859,424	7,522,880
Misc & Interest Income			18,200											18,200
Commercial Property														0
Commissions	10%	44,970	74,970	49,380	32,228	32,228	42,971	53,714	75,200	85,942	85,942	96,685	85,942	760,174
Closing Costs	0.75%	4,104	7,836	7,886	2,417	2,417	3,223	4,029	5,640	6,446	6,446	7,251	6,446	64,140
Closing Incentives		16,864	30,552	13,094	15,376	19,220	19,220	23,064	26,907	30,751	30,751	34,595	30,751	291,146
														0
Operating Expense														0
														0
POA Subsidy		65,000	0	0	25,487	36,568	45,711	28,459	31,491	29,913	30,989	29,081	84,324	407,023
General & Admin		43,521	48,309	42,889	44,317	44,317	44,317	44,317	44,317	44,317	44,317	46,117	48,717	539,772
Marketing		66,478	36,884	75,040	46,105	44,180	38,228	38,238	46,768	40,945	47,234	38,136	37,953	556,189
Sales Operations		34,811	57,999	21,614	41,680	44,070	39,249	48,270	13,970	1,863	-2,651	43,117	43,702	387,693
Insurance		4,589	885				12,625	3,125				3,125		24,349
Finish Top Cap							100,000	100,000	100,000	100,000	100,000	100,000	100,000	700,000
Property Taxes		109,808	505	2,365	650	1,150	1,200	950	950	950	1,200	700	650	121,078
Professional Fees		78,690	76,016	10,362	10,000	55,000	20,000	15,000	15,000	15,000	15,000	15,000	15,000	340,068
US Trustee Fee					20,000									20,000
Total Expense		468,835	333,956	222,630	238,260	279,150	366,744	359,165	360,243	356,128	359,229	413,808	453,485	4,211,632
Beg. Cash		828,189	507,165	405,024	485,889	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	
Sales		339,700	557,900	734,940	322,284	322,284	429,712	537,140	751,996	859,424	859,424	966,852	859,424	7,541,080
Total Exp.		-468,835	-333,956	-222,630	-238,260	-279,150	-366,744	-359,165	-360,243	-356,128	-359,229	-413,808	-453,485	-4,211,632
14,099,283 Int.														0
Note A Repayment		-191,890	-326,085	-431,445	-369,912	-43,134	-62,968	-177,975	-391,753	-503,296	-500,195	-553,044	-405,939	-3,957,637
Class 1														
Class 2														0
Ending Cash		507,165	405,024	485,889	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	
Note Balance														
Beginning Bal.		14,099,283	13,907,393	13,581,308	13,149,863	12,779,951	12,736,817	12,673,848	12,495,873	12,104,120	11,600,824	11,100,629	10,547,585	
Paydown		-191,890	-326,085	-431,445	-369,912	-43,134	-62,968	-177,975	-391,753	-503,296	-500,195	-553,044	-405,939	-3,957,637
Ending Bal.		13,907,393	13,581,308	13,149,863	12,779,951	12,736,817	12,673,848	12,495,873	12,104,120	11,600,824	11,100,629	10,547,585	10,141,646	

Hampton Lake, LLC														
EXHIBIT A	PAGE 2 OF 3													
		2014												
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Sales Absorption		5	5	5	6	6	7	8	8	9	10	11	10	90
Lot Sales		518,945	518,945	518,945	622,734	622,734	726,523	830,312	830,312	934,101	1,037,890	1,141,679	1,037,890	9,341,010
Misc & Interest Income														0
Commercial Property										762,240				762,240
Commissions	10%	51,895	51,895	51,895	62,273	62,273	72,652	83,031	83,031	93,410	103,789	114,168	103,789	934,101
Closing Costs	0.75%	3,892	3,892	3,892	4,671	4,671	5,449	6,227	6,227	7,006	7,784	8,563	7,784	70,058
Closing Incentives		11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	15,000	15,000	140,000
Operating Expense														0
POA Subsidy		(25,776)	20,644	44,724	8,742	19,273	28,679	8,291	7,933	12,201	12,886	6,147	60,865	204,610
General & Admin		27,771	28,730	37,771	27,771	27,771	27,771	28,271	27,771	27,771	27,771	29,571	31,261	350,001
Marketing		57,197	49,866	40,150	37,771	35,847	29,894	29,905	38,435	32,612	38,901	29,802	29,623	450,003
Sales Operations		22,743	13,260	31,400	19,915	18,893	21,795	36,048	29,759	20,710	23,310	16,010	125,041	378,884
Insurance		4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000
Road Top Cap														0
Property Taxes		6,483	6,483	6,483	6,483	6,483	6,483	6,483	6,483	6,483	6,483	6,483	6,483	77,796
Professional Fees		4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,004
Total Expense		163,538	194,103	235,649	186,959	194,544	212,057	217,590	218,974	219,527	240,258	234,077	388,180	2,705,456
Beg. Cash		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	
Sales		518,945	518,945	518,945	622,734	622,734	726,523	830,312	830,312	1,696,341	1,037,890	1,141,679	1,037,890	10,103,250
Total Exp.		-163,538	-194,103	-235,649	-186,959	-194,544	-212,057	-217,590	-218,974	-219,527	-240,258	-234,077	-388,180	-2,705,456
10,141,646 Int.														0
Note A Repayment		-326,974	-298,855	-260,632	-400,913	-393,934	-473,309	-563,704	-562,431	-1,358,669	-733,822	-834,994	-597,733	-6,805,970
Charters		-28,433	-25,987	-22,664	-34,862	-34,255	-41,157	-49,018	-48,907	-118,145	-63,811	-72,608	-51,977	-591,823
Ending Cash		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Note Balance														
Beginning Bal.		10,141,646	9,814,672	9,515,817	9,255,185	8,854,272	8,460,338	7,987,029	7,423,325	6,860,894	5,502,225	4,768,403	3,933,409	
Paydown		-326,974	-298,855	-260,632	-400,913	-393,934	-473,309	-563,704	-562,431	-1,358,669	-733,822	-834,994	-597,733	-6,805,970
Ending Bal.		9,814,672	9,515,817	9,255,185	8,854,272	8,460,338	7,987,029	7,423,325	6,860,894	5,502,225	4,768,403	3,933,409	3,335,676	

Hampton Lake, LLC														
EXHIBIT A	PAGE 3 OF 3													
		2015												
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Sales Absorption	5	5	6	6	6	7	7	9	10	10	12	12	12	102
Lot Sales		504,365	605,238	605,238	605,238	706,111	706,111	907,857	1,008,730	1,008,730	1,210,476	1,210,476	1,210,476	10,289,046
Misc & Interest Income														0
Commercial Property									750,000					750,000
Commissions	10%	50,437	60,524	60,524	60,524	70,611	70,611	90,786	100,873	100,873	121,048	121,048	121,048	1,028,905
Closing Costs	0.75%	3,783	4,539	4,539	4,539	5,296	5,296	6,809	7,565	7,565	9,079	9,079	9,079	77,168
Closing Incentives		13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	15,000	15,000	160,000
Operating Expenses														
POA Subsidy		(52,032)	(1,886)	25,623	579	9,372	15,723	7,901	(5,907)	(4,275)	(7,740)	(19,665)	29,364	-2,942
General & Admin		19,438	20,397	29,438	19,438	19,438	19,438	19,938	19,438	19,438	19,438	21,238	22,923	250,000
Marketing		42,080	34,843	28,722	22,377	19,313	20,262	19,863	27,115	21,363	26,727	17,968	19,367	300,000
Sales Operations		22,033	16,490	29,121	16,915	16,772	13,075	35,456	25,119	10,370	12,470	6,720	116,819	321,360
Insurance		4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,004
Road Top Cap		50,000	50,000	50,000										150,000
Property Taxes		3,467	3,467	3,467	3,467	3,467	3,467	3,467	3,467	3,467	3,467	3,467	3,467	41,604
Professional Fees		2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	35,004
Total Expense		159,289	208,458	251,518	147,924	164,353	167,956	204,304	197,755	178,886	204,572	181,938	344,150	2,411,102
Beg. Cash		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	66,546	200,000	200,000	200,000	
Sales		504,365	605,238	605,238	605,238	706,111	706,111	907,857	1,758,730	1,008,730	1,210,476	1,210,476	1,210,476	11,039,046
Total Exp.		-159,289	-208,458	-251,518	-147,924	-164,353	-167,956	-204,304	-197,755	-178,886	-204,572	-181,938	-344,150	-2,411,102
3,335,676 Int.														0
Note A Repayment		-303,667	-349,166	-311,274	-402,437	-476,747	-473,576	-619,127	-399,682					-3,335,676
Additional Bank									-1,139,377	-612,823	-885,195	-905,113	-942,367	-4,484,876
Charters		-41,409	-47,614	-42,446	-54,878	-65,011	-64,579	-84,426	-155,370	-83,567	-120,708	-123,425	-123,959	-1,007,391
Ending Cash		200,000	200,000	200,000	200,000	200,000	200,000	200,000	66,546	200,000	200,000	200,000	200,000	0
Note Balance														
Beginning Bal.		3,335,676	3,032,009	2,682,843	2,371,569	1,969,132	1,492,385	1,018,809	399,682	0	0	0	0	
Paydown		-303,667	-349,166	-311,274	-402,437	-476,747	-473,576	-619,127	-399,682	0	0	0	0	-3,335,676
Ending Bal.		3,032,009	2,682,843	2,371,569	1,969,132	1,492,385	1,018,809	399,682	0	0	0	0	0	